

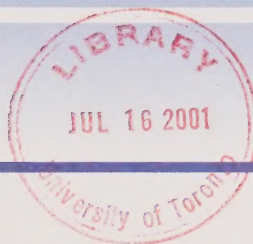
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# PENSION NEWS



Teachers'  
Pension Plan  
Board

Conseil du régime  
de retraite des enseignantes  
et des enseignants



Issue 19  
November 1999

## Pensions to increase 1.5%

Your annual pension increase will be 1.5% starting January 2000. The inflation adjustment applied to your pension is based on the Consumer Price Index (CPI). Your new pension amount, adjusted for inflation, will be sent to you in January.

### Prorated for recent retirees

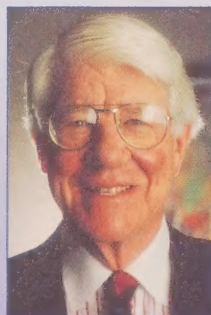
If you retired after January 1999, your inflation adjustment will be prorated to the number of months you have been collecting your pension. For instance, if you retired in June 1999 your inflation adjustment will be half (0.75%) because you will have been collecting a pension for only half the year.

*Continued on page 4*

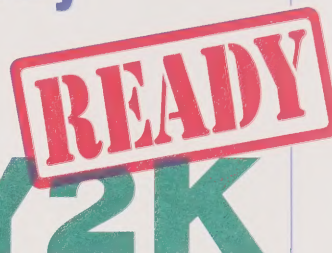
## Medland to retire

*Edward (Ted) Medland,  
Chair of the Board  
of Directors, will retire on  
December 31, 1999.*

*Story on page 2*



## December pay to arrive two days sooner




Your pension plan is Y2K ready. However, the Y2K readiness of your financial institution is vital to ensuring you receive your pension on time.



*Rosemarie  
McClean*

As a precaution, we will deposit your pension into your account on December 29, two days sooner than normal.

"I want to stress that this is only a precaution," says Rosemarie McClean, Vice-President, Client Services. "This is just one way we're working to ensure you receive your pension on time." 

### What's Inside...

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# Medland to retire as board chair

Edward (Ted) Medland, Chair of the Board of Directors, will retire on December 31, 1999. His successor has not yet been named.

The Chair is jointly appointed by the co-sponsors of the plan, namely the Ontario government and the Ontario Teachers' Federation.

Mr. Medland has been associated with the Board of Directors since it was established in 1990, and is the only member remaining from the original board. He served as a director before succeeding Gerald Bouey as chair in January 1996.

Mr. Medland announced his retirement at the OTF Board of Governors meeting in August. He concluded his remarks with a few words of caution:

*“In life, timing is everything. I have been fortunate to serve as chair during the best of times. We are all geniuses when the market goes up and up and up.*

*I hope my successor is as fortunate. Some day markets will enter a prolonged bear phase. It is then, when losses are the order of the day, that your understanding and support will be necessary.*

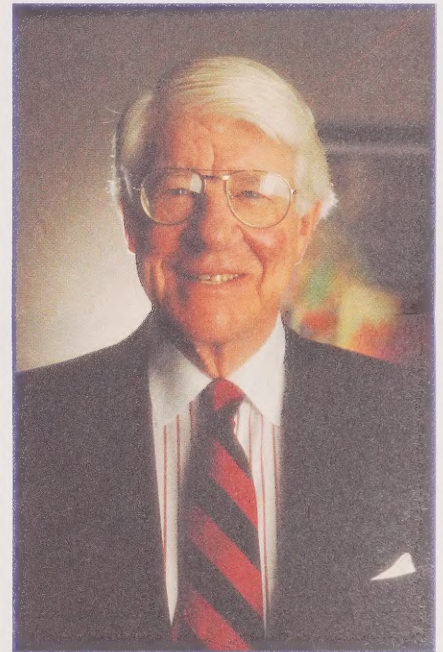
*I thank you for your support over the years and I will leave with great memories of an exciting experience.”*

Mr. Medland spent his 38-year career in finance at Wood Gundy, where he became chief executive officer in 1972 and chairman and CEO in 1978. He retired from Wood Gundy in 1988.

The Ontario Teachers' Pension Plan Board has a responsibility to administer the fund in the best interest of present and future teachers and their survivors.

This duty is vested in the nine-member Board of Directors. Four directors are appointed by the Ontario government and four are appointed by the Ontario Teachers' Federation. The ninth member, the chair, is jointly appointed.

The Board of Directors meet 11 times a year. Directors are appointed for a two-year term and may be re-appointed for



*Edward (Ted) Medland*

up to four terms. By law, they are required to act independently of the plan sponsors to protect the interest of all members.

The day-to-day management of the Teachers' pension plan is delegated by the Board of Directors to Claude Lamoureux, President and Chief Executive Officer, and his staff.

Changes to plan benefits are not made by the Board of Directors, but by the co-sponsors through the Partners' Committee, which is separate from the Teachers' pension plan. ■

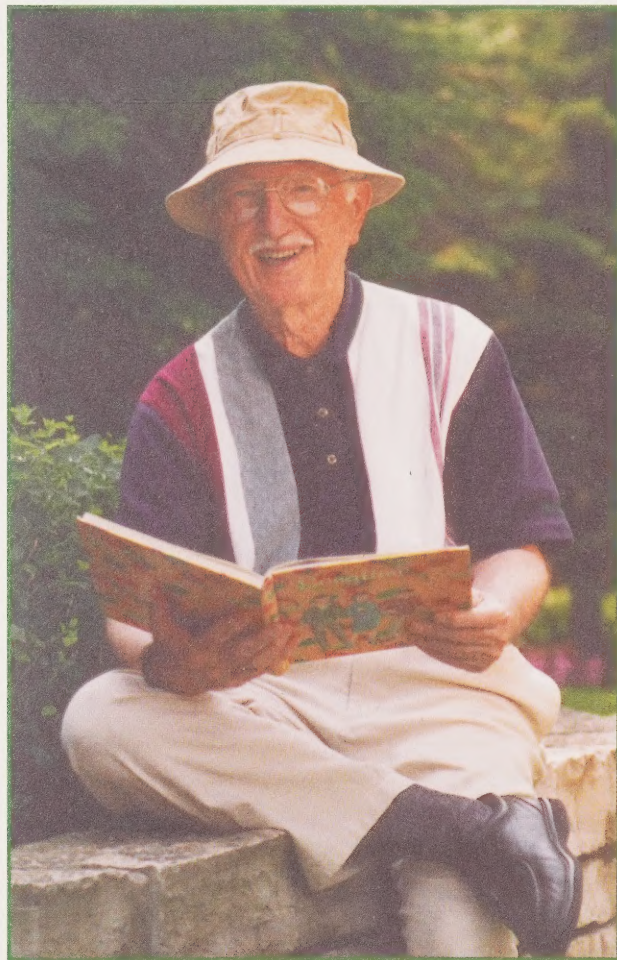


## Real-life Retirement

# Music CD a family affair

*The latest in a series featuring retired teachers who have found fulfilling ways to enjoy their retirement.*

If you were a music teacher in Peel region in the 1950s or 60s, you probably knew music supervisor John Wood. John taught the



John Wood, co-author of the *Songtime* series, recently produced a CD of original songs with his son.

summer school program for music teachers from 1954 to 1962, before becoming a school principal.

If you don't know John, you may remember the popular *Songtime* series of music books he co-authored (1963-68).

John retired in 1980 and now lives in Surrey, B.C.

When his beloved wife Hazel died in 1997 after a long illness, his son Bob asked John to write the words for a tune he'd composed in memory of his mother. One song turned into two, and then into 20 original love songs reminiscent of the 1930s. They recorded the songs and entitled the CD, "She has a way." John sings on all the tracks and his son plays the keyboard.

John and Bob initially decided to record their songs for family and friends, but after receiving much encouragement, the Woods agreed to promote their collection of love songs on the internet. You can hear a selection from the CD by visiting [www.bcsongs.com](http://www.bcsongs.com).

The two have been featured on the CBC radio program *Fresh Air*, and in several newspaper articles. They have also sold enough CDs to recover their costs. John has no immediate plans to produce another CD, but doesn't rule out the possibility.

When he's not producing CDs, John divides his time between golf and curling. He attributes his long and active retirement to having developed an interest in sporting activities before he retired. ■



## Pensions to increase 1.5%

*Continued from page 1*

### How your inflation adjustment is tallied

The method used to calculate your annual pension adjustment has not changed. It is the same today as when we started indexing pensions 25 years ago. This method is explicitly stated in the Teachers' Pension Plan and it is the same method used by most major pension plans, including the Canada Pension Plan.

### Comparing adjustment averages to CPI

| Averages      | Teachers' Pension Plan | Consumer Price Index | Canada Pension Plan |
|---------------|------------------------|----------------------|---------------------|
| Last 25 years | 5.3%*                  | 5.1%                 | 5.3%                |
| Last 20 years | 4.4*                   | 4.3                  | 4.4                 |
| Last 15 years | 3.0                    | 2.9                  | 2.9                 |
| Last 10 years | 2.2                    | 2.3                  | 2.2                 |
| Last 5 years  | 1.3                    | 1.3                  | 1.3                 |

\* Teachers' inflation adjustment was capped at 8% with the excess carried forward.

If you compare the five-year averages you'll see only a slight variance between the Consumer Price Index (CPI) calculations and the method prescribed in the Teachers' Pension Plan.

In September, media reported consumers paid 2.6% more than they did a year ago for goods and services contained in the CPI basket. This was primarily due to the jump in gas prices. Why then has the pension board calculated your inflation adjustment at 1.5%?

The answer is simple. Media report CPI values using a different method, a year-over-year method. It compares the cost of goods and services in September 1999 to the costs in the same month last year.

### How inflation is reported in the media—'Year-over-year method'

$$\frac{\text{CPI for Sept. 1999}}{\text{CPI for Sept. 1998}} - 1 = 2.6\%$$

The method used to calculate the annual inflation adjustment to your teachers' pension takes the average CPI adjustment for the 12-month period ending September 1999 compared to last year's average.

### Inflation adjustment method prescribed in the Teachers' Pension Plan

$$\frac{\text{Average CPI for 12-month period ending Sept. 1999}}{\text{Average CPI for 12-month period ending Sept. 1998}} - 1 = 1.5\%$$

The method used to calculate the annual inflation adjustment to your teachers' pension is more reflective of the changes in the CPI in the preceding 12 months. The Canada Pension Plan uses the same method, except their calculation is for the period ending October.

### What is the CPI?

The Consumer Price Index, determined monthly by Statistics Canada, is a weighted average of the cost of a basket of goods and services—such as food, clothing, housing, gasoline, health and personal care, recreation and education—normally purchased by Canadian households. Weighted average means that some items are given more importance according to the proportion of household income spent on them.

## FAST FACTS

- The method used to calculate your annual inflation adjustment has not changed. It is the same today as when we started indexing pensions 25 years ago.
- The inflation adjustment calculation is explicitly stated in the Teachers' Pension Plan.
- The method used to calculate the inflation adjustment to your teachers' pension is also used by most other large pension plans, including the Canada Pension Plan.



*How we invest—the latest in a continuing series*

## \$1.9B real estate portfolio gathers choice properties

Teachers' has invested in some of the best property in Canada, such as the Waterfront Centre in Vancouver and a 50% stake in the office building at 1 Queen Street East in Toronto.

Although real estate is the smallest of our asset classes, it has about \$1.2 billion in directly owned properties and \$700 million of equities in real estate companies and investment funds.



*Muzyk*

"We have the highest quality real estate portfolio of office and retail space in Canada," says Brian Muzyk, Vice-President, Real Estate. The portfolio contains some well known investments including Markville Mall in Markham and Polo Park Mall in Winnipeg.

Last year Teachers' also acquired a 50% interest in the Shell Centre, a Calgary office tower, and initiated the \$162 million renovation of Calgary's Chinook Centre, the largest shopping centre redevelopment project in Canada.

Our real estate strategy is driven by partnerships with property management and property investment specialists. In North America, we take equity positions in select companies and then invest in properties with them.

### Recent investment

Last year we invested US \$150 million for 10% ownership

of The Macerich Company of Santa Monica, California. Macerich is a real estate investment trust involved in the acquisition and redevelopment of regional malls throughout the U.S.

Teachers' and Macerich completed the purchase of three malls in Washington State and one mall in Oregon in February. The purchase of a commercial office property in Redmond, Washington was completed in the summer.

Outside North America, we have committed US \$400 million to three investment funds that enable us to participate in property opportunities in major developed and emerging markets around the world.



*One Queen Street East,  
Toronto*

## The Bricks and Mortar

### Regional Shopping Centres:

Fairview Park Mall, Kitchener  
(75% ownership)  
Georgian Mall, Barrie  
(75% ownership)  
Hillcrest Mall, Richmond Hill  
Intercity Shopping Centre,  
Thunder Bay  
Markville Shopping Centre,  
Markham  
New Sudbury Centre, Sudbury  
Polo Park Mall, Winnipeg  
Southland Mall, Regina  
Chinook Centre, Calgary  
Richmond Centre, Vancouver

### U.S. Properties:

Cascade Mall, Burlington, Washington  
(49% ownership)  
Kitsap Mall, Silverdale, Washington  
(49% ownership)  
Redmond Town Center, Redmond,  
Washington (49% ownership)  
Washington Square,  
Portland, Oregon (49% ownership)

### Office Properties:

Granville Square, Vancouver  
Granville Square II, Vancouver  
1 Queen Street East, Toronto  
(50% ownership)  
Shell Centre, Calgary  
(50% effective ownership)  
The Station, Vancouver  
Waterfront Centre, Vancouver







## We'll need that in writing

Want to redirect your pension payment to a new bank account? We'll need to receive the request in writing, with your signature, and a



void cheque. As well, if you want to increase the amount we deduct for

income tax purposes, we'll also need the request in

writing. It's the best way to ensure security in such matters.

We can make the changes fairly quickly. If you inform us of the change by mid month, we'll be able to deposit your pension payment in your new account by month's end.

Changes of address are gladly handled by telephone. ●

## PENSION NEWS

*Pension News* is published for pensioners by:

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This newsletter does not create any right to benefits. Your entitlements and those of your survivors are and will be governed by the language of the pension plan text. The information contained in this newsletter is not intended to be relied upon in relation to any particular circumstance.

Ce bulletin est disponible également en français.

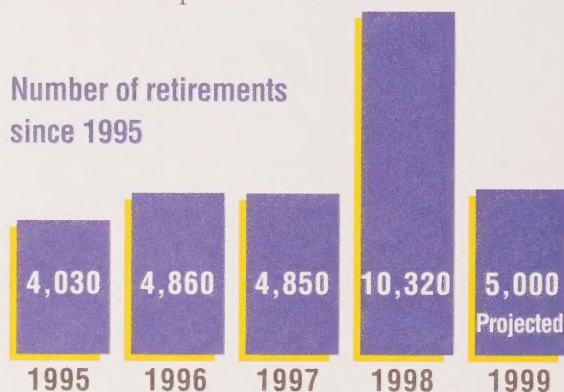


## Stats all, folks!

*Statistics from the world of pensions*

The number of teachers retiring spiked in 1998 because of the opening of the 85-factor window. Despite the dramatic increase that year, new pensions were paid on time.

Number of retirements since 1995



### Rules at a glance

## Teaching after retirement

Know the limits to the number of days you can teach after retirement without affecting your pension. If you teach beyond the limits, your pension will stop, and your pension contributions will start again.

Teaching after retirement includes any employment in education, including consulting and supply teaching. These limits do not apply if you teach outside of Ontario, at some private schools or at a post-secondary institution.

### Know your limits for teaching after retirement

- 95 days for the first three years of teaching after retirement. These do not have to be consecutive years
- 20 days thereafter, to the end of the year in which you reach age 69
- Unlimited number of days after the end of the year in which you reach age 69 ●